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DEPARTMENT OF COMMERCE

International Trade Administration

[A-201-840]

Galvanized Steel Wire from Mexico: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: [Insert date of publication in the Federal Register].

SUMMARY: The Department of Commerce (the Department) preliminarily determines that galvanized steel wire (galvanized wire) from Mexico is being, or is likely to be, sold in the United States at less than fair value (LTFV), as provided in section 733(b) of the Tariff Act of 1930, as amended (the Act). The estimated dumping margins are listed in the “Suspension of Liquidation” section of this notice. Interested parties are invited to comment on this preliminary determination. Pursuant to requests from interested parties, we are postponing for 60 days the final determination and extending provisional measures from a four-month period to not more than six months. Accordingly, we will make our final determination not later than 135 days after publication of the preliminary determination.

FOR FURTHER INFORMATION CONTACT: Patrick Edwards or Ericka Ukrow, AD/CVD Operations, Office 7, Import Administration, International Trade Administration, U.S.

Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-8029 or (202) 482-0405, respectively.

SUPPLEMENTARY INFORMATION:

Background

On April 20, 2011, the Department initiated the antidumping duty investigation on galvanized wire from Mexico. See Galvanized Steel Wire from the People's Republic of China and Mexico: Initiation of Antidumping Duty Investigations, 76 FR 23548 (April 27, 2011) (Initiation Notice). The Petitioners in this investigation are Davis Wire Corporation, Johnstown Wire Technologies, Inc., Mid-South Wire Company, Inc., National Standard, LLC, and Oklahoma Steel & Wire Company, Inc. (collectively, Petitioners). Since the Initiation Notice, the following events have occurred.

The Department set aside a period of time for parties to raise issues regarding product coverage and encouraged all parties to submit comments within 20 calendar days of publication of the Initiation Notice. See Initiation Notice, 76 FR at 23548; see also Antidumping Duties: Countervailing Duties, 62 FR 27296, 27323 (May 19, 1997) (Preamble). For further details, see the "Scope Comments" section of this notice, below. The Department also set aside a time for parties to comment on product characteristics for use in the antidumping duty questionnaire. See Initiation Notice, 76 FR at 23548-49; see also Preamble, 62 FR at 27323.

On April 29, 2011, the Department notified all interested parties of its intent to select mandatory respondents for this investigation based on U.S. import data obtained from U.S. Customs and Border Protection (CBP). The Department set aside a period of time for parties to comment on the potential respondent selection and encouraged all parties to submit comments within five calendar days from the date of that memorandum. See Memorandum from Angelica Mendoza, Program Manager, to All Interested Parties, dated April 29, 2011. On May 4, 2011, we received comments regarding the Department's respondent selection, based on the U.S.

import data obtained from CBP, from Petitioners and one Mexican manufacturer/exporter of the subject merchandise, Aceros Camesa (Camesa).

On May 6, 2011, based on requests received from Camesa and an additional Mexican manufacturer of the subject merchandise, Deacero S.A. de C.V. (Deacero), the Department granted a two-day extension of time for interested parties to submit comments regarding the appropriate product characteristics to be used in the Department's antidumping duty questionnaire. See Letter from Angelica Mendoza, Program Manager, to All Interested Parties, dated May 10, 2011.

On May 10, 2011, we received scope comments from certain respondents in the companion antidumping and countervailing duty investigations involving China, as well as from two U.S. purchasers of galvanized wire. Additionally, we received rebuttal comments regarding the scope of the investigation from Petitioners on June 22, 2011. For further information, see the "Scope Comments" section below.

On May 12, 2011, the Department received comments regarding physical product characteristics from Petitioners, Deacero, and Camesa, as well as comments filed on behalf of several Chinese respondents. On May 19, 2011, we received rebuttal comments concerning product characteristics from the same four parties. For an explanation of the product comparison criteria used in this investigation, see the "Product Comparisons" section of this notice, below.

On May 20, 2011, the United States International Trade Commission (USITC) published its affirmative preliminary determination that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, by reason of imports from the People's Republic of China and Mexico of galvanized wire, and the USITC notified the Department of its finding. See Galvanized Steel Wire from China and Mexico, 76 FR 29266

(May 20, 2011); see also USITC Publication 4234 (May 2011), titled “Galvanized Steel Wire from China and Mexico: Investigation Nos. 701-TA-479 and 731-TA-1183-1184 (Preliminary).”

On June 1, 2011, we selected Deacero and Camesa as the mandatory respondents in this investigation and issued the Department’s antidumping duty questionnaire to both respondents the following day. See Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping Countervailing Duty Operations, from Richard O. Weible, Director, Office 7, titled “Antidumping Duty Investigation of Galvanized Steel Wire from Mexico: Respondent Selection Memorandum,” dated June 1, 2011.

Deacero and Camesa submitted responses to section A of the Department’s antidumping duty questionnaire on July 11, 2011. See Deacero’s Response to Section A of the Department’s Antidumping Duty Questionnaire, dated July 11, 2011 (Deacero AQR); Camesa’s Response to Section A of the Department’s Antidumping Duty Questionnaire, dated July 11, 2011 (Camesa AQR).

On July 13, 2011, Petitioners made a timely request pursuant to section 733(c)(1)(A) of the Act and 19 CFR 351.205(e) for a 50-day postponement of the preliminary determination. Pursuant to section 733(c)(1)(A) of the Act, the Department postponed the preliminary determination of this investigation until October 27, 2011. See Galvanized Steel Wire from the People’s Republic of China and Mexico: Postponement of Preliminary Determinations of Antidumping Duty Investigations, 76 FR 47150 (August 4, 2011).

On August 9, 2011, both Deacero and Camesa submitted their responses to sections B (covering comparison market sales) and C (covering U.S. sales) of the Department’s questionnaire. See Deacero’s Responses to Sections B and C of the Department’s Antidumping

Duty Questionnaire, dated August 9, 2011 (Deacero BQR and Deacero CQR); Camesa's Responses to Sections B and C of the Department's Antidumping Duty Questionnaire, dated August 9, 2011 (Camesa BQR and Camesa CQR).

The Department received Camesa's and Deacero's section D response to the questionnaire (i.e., the section covering the cost of production (COP) and constructed value (CV)) on August 2, 2011, and August 4, 2011, respectively. See Camesa's Response to Section D of the Department's Antidumping Duty Questionnaire, dated August 2, 2011 (Camesa DQR); Deacero's Response to Section D of the Department's Antidumping Duty Questionnaire, dated August 4, 2011 (Deacero DQR). Also on August 4, 2011, Camesa filed its sales and cost reconciliation, pursuant to sections B through D of the Department's questionnaire. Deacero also filed its sales reconciliation on August 4, 2011, but submitted its cost reconciliation on August 9, 2011. We issued a supplemental questionnaire concerning the section D responses of Deacero and Camesa on August 31, 2011, and September 1, 2011, respectively.

In their respective section A sales responses, both Deacero and Camesa reported certain data and gave a narrative description of subject sales which were further manufactured, and subsequently resold, in the United States. See Deacero AQR at 26-28 and Exhibit A-15; Camesa AQR at 32-34 and Exhibits A-17, A-18, and A-19. Both parties requested exemption from reporting their respective company's further manufactured sales in a response to section E of the Department's antidumping duty questionnaire. After analyzing these data, the Department determined that Camesa, pursuant to 19 CFR 351.402(c), did not need to file a section E response. See Letter from Angelica Mendoza, Program Manager, to Camesa, dated July 22, 2011. However, pursuant to 19 CFR 351.402(c), the Department determined, based on its analysis of information provided in the section A response, that Deacero was required to respond

to section E of the Department's questionnaire.¹ See Letter from Angelica Mendoza, Program Manager, to Deacero, titled "Antidumping Duty Investigation of Galvanized Steel Wire from Mexico: Request to Submit Response to Section E Further-Manufacturing or Assembly of the Subject Merchandise in the United States Section of the Antidumping Duty Questionnaire," dated August 22, 2011.

On September 15, 2011, the Department issued a supplemental questionnaire concerning Camesa's sections A through C sales responses. On September 16, 2011, Deacero submitted its response to section E of the Department's questionnaire, per the Department's request. See Deacero's Response to Section E of the Department's Antidumping Duty Questionnaire, dated September 16, 2011 (Deacero EQR).

On September 19, 2011, and September 20, 2011, respectively, we issued two supplemental sales questionnaires to Deacero covering its sections A through C responses and Deacero's reporting of certain product characteristics, in-scope merchandise and further manufacturing information.

On September 26, 2011, and September 28, 2011, we received the supplemental cost (*i.e.*, section D) responses from Deacero and Camesa, respectively. See Supplemental Cost Responses from Deacero, dated September 26, 2011 (Deacero SDQR) and Supplemental Cost Response from Camesa, dated September 28, 2011 (Camesa SDQR). Deacero submitted its responses to the Department's first and second supplemental sales questionnaires on October 7, 2011. See First Supplemental Sales Responses from Deacero, dated October 7, 2011 (Deacero SQR);

¹ The Department first determined that Deacero needed to alter its methodology used in calculating the value-added of its further manufacturing costs and resubmit the requisite exhibits from its section A response for further evaluation. See Memorandum to the File from Patrick Edwards, Analyst, titled "Reporting of Further-Manufactured Sales," dated July 22, 2011. Deacero submitted its revised calculations and exhibits on July 26, 2011. See Letter from Deacero, titled "Exhibit A-15 of Deacero's Section A Response," dated July 26, 2011.

Second Supplemental Sales Responses from Deacero, dated October 7, 2011 (Deacero SSQR).

We also received Camesa's supplemental sales response on October 7, 2011. See Supplemental Sales Responses from Camesa, dated October 7, 2011 (Camesa SQR).

On September 27, 2011, and October 18, 2011, Camesa and Deacero, respectively, requested that, in the event of an affirmative preliminary determination in this investigation, the Department: 1) postpone its final determination by 60 days, in accordance with section 735(a)(2)(A) of the Act and 19 CFR 351.210(b)(2)(ii); and 2) extend the application of the provisional measures prescribed under section 733(d) of the Act and 19 CFR 351.210(e)(2) from a four month period to a six month period. For further discussion, see the "Postponement of Final Determination and Extension of Provisional Measures" section of this notice, below.

On September 28, 2011, we issued a supplemental section E questionnaire to Deacero. On October 5, 2011, we issued a second section D supplemental questionnaire to Camesa. On October 12, 2011, Deacero submitted its response to the section E supplemental questionnaire (SEQR). Also on October 12, 2011, Camesa submitted a partial response to the Department's second section D supplemental questionnaire, and the remaining portion of the response on October 14, 2011 (collectively, Camesa SSDQR). Also on October 14, 2011, we issued a second section D supplemental questionnaire to Deacero, to which Deacero submitted its response on October 20, 2011 (Deacero SSDQR).²

² In its SSDQR, Deacero submitted a SAS dataset supporting the previously submitted weight-average cost database (i.e., database "deacop03," submitted on October 7, 2011). However, we note that the database provided only underlying cost of production information to the data reported in "deacop03." As such we did not incorporate Deacero's SSDQR database in our antidumping analysis. The previously submitted weight-average cost database, "deacop03," is used for our margin calculation in this preliminary determination.

Period of Investigation

The period of investigation (POI) is January 1, 2010, to December 31, 2010. This period corresponds to the four most recent fiscal quarters prior to the month of the filing of the petition.

See 19 CFR 351.204(b)(1).

Scope of Investigation

The scope of this investigation covers galvanized steel wire which is a cold-drawn carbon quality steel product in coils, of solid, circular cross section with an actual diameter of 0.5842 mm (0.0230 inch) or more, plated or coated with zinc (whether by hot-dipping or electroplating).

Steel products to be included in the scope of this investigation, regardless of Harmonized Tariff Schedule of the United States (HTSUS) definitions, are products in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is two percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 1.80 percent of manganese, or
- 1.50 percent of silicon, or
- 1.00 percent of copper, or
- 0.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 1.25 percent of nickel, or
- 0.30 percent of tungsten, or

- 0.02 percent of boron, or
- 0.10 percent of molybdenum, or
- 0.10 percent of niobium, or
- 0.41 percent of titanium, or
- 0.15 percent of vanadium, or
- 0.15 percent of zirconium.

Specifically excluded from the scope of this investigation is galvanized steel wire in coils of 15 feet or less which is pre-packed in individual retail packages. The products subject to this investigation are currently classified in subheadings 7217.20.30 and 7217.20.45 of the HTSUS which cover galvanized wire of all diameters and all carbon content. Galvanized wire is reported under statistical reporting numbers 7217.20.3000, 7217.20.4510, 7217.20.4520, 7217.20.4530, 7217.20.4540, 7217.20.4550, 7217.20.4560, 7217.20.4570, and 7217.20.4580. These products may also enter under HTSUS subheadings 7229.20.0015, 7229.20.0090, 7229.90.5008, 7229.90.5016, 7229.90.5031, and 7229.90.5051. Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the merchandise is dispositive.

Scope Comments

In accordance with the preamble to the Department's regulations, see Preamble, 62 FR at 27323, in our Initiation Notice we set aside a period of time for parties to raise issues regarding product coverage, and encouraged all parties to submit comments within 20 calendar days of publication of the Initiation Notice.

On May 10, 2011, we received comments from Qingdao Ant Hardware Manufacturing, Co., Ltd. (AHM) concerning the scope of this investigation. See Letter from Qingdao Ant

Hardware Manufacturing Co., Ltd. to the Department, titled “Scope Comments in the Antidumping and Countervailing Duty Investigations of Galvanized Steel Wire from China and Mexico,” dated May 10, 2011 (AHM Scope Comments). In its submission, AHM requested that the Department exclude from the scope of the investigation certain steel wire pre-packed in retail packaging. Id. at 2. AHM stated that this type of wire is typically sold in pre-packed, retail packages having inner diameters of 2.25 to 8 inches and with lengths of 25 to 250 feet and, furthermore, is generally sold in retail stores that do not carry industrial or commercial building products. AHM further commented that pre-packed retail steel wire of the afore mentioned lengths is not contemplated to be within the scope of this investigation, as the wire is non-industrial, retail-ready and for individual/home use. Specifically, AHM requested that the Department exclude from the scope of this investigation “galvanized steel wire... sold in retail packaging where the pre-packaged length is no more than 300 feet, regardless of the diameter (gauge) of the wire.”³ Id. at 4.

Also on May 10, 2011, we received scope comments from Shanghai Bao Zhang Industry Co., Ltd., Anhui Bao Zhang Metal Products Co., Ltd., and B&Z Galvanized Wire Industry (collectively, Baozhang), requesting that the Department exclude from the scope of the investigation galvanized steel wire with a diameter of less than one millimeter. See Letter from Baozhang to the Department, titled “Comments on Scope Issues: Investigation of the Galvanized Steel Wire from the People’s Republic of China,” dated May 10, 2011 (Baozhang Scope Comments). In its comments, Baozhang states that it has been a reliable source of this

³ In the AHM Scope Comments, AHM had originally and inadvertently specified a maximum pre-packed length of 30 feet. AHM subsequently filed an additional submission on June 17, 2011, correcting this language, and clarifying that the reference to “30 feet” was intended to reference “300 feet.” AHM requested that these products also be excluded from the scope of the antidumping investigation covering galvanized wire from the People’s Republic of China.

smaller-gauged wire to U.S. producers of stucco netting because the U.S. galvanized wire industry does not offer this gauge wire with a diameter of less than one millimeter. As such, Baozhang requests that the Department exclude from the scope of this investigation such material since any alleged injury experienced by the U.S. industry cannot be related to imports of this product. Id. at 2.

On May 10, 2011, the Department also received comments from two U.S. producers of stucco netting, Tree Island Wire (USA), Inc. (Tree Island) and Preferred Wire Products, Inc., (Preferred Wire) both supporting the position that galvanized steel wire less than 1 millimeter in diameter be excluded from the scope of the investigation. See Letter from Tree Island to the Department, titled “Scope Comments in the Investigation of Galvanized Steel Wire from China,” dated May 10, 2011; Letter from Preferred Wire to the Department, titled “Scope Comments in the Investigation of Galvanized Steel Wire from China,” dated May 10, 2011.

Petitioners filed rebuttal comments regarding the scope exclusion requests by AHM and Baozhang on June 22, 2011. See Letter from Petitioners to the Department, titled “Galvanized Steel Wire from Mexico and China – Petitioners’ Comments on Respondents’ Scope Requests,” dated June 22, 2011 (Rebuttal Scope Comments). In its comments, Petitioners state that despite AHM’s contention that retail-ready, shorter strands of galvanized wire are purely for non-industrial, personal use, this galvanized wire is covered by the scope of this investigation. We preliminarily determine that the material described by AHM is subject to the scope of this investigation and constitutes a product for which Petitioners are seeking relief. However, Petitioners state that galvanized wire in coils of 15 feet or less, which are pre-packed in individual retail packages, may be excluded from the scope of the investigation as they are not

seeking relief for this specific product. Accordingly, and as noted above, we have excluded such merchandise from the scope of this investigation.

Finally, with regard to the remaining comments concerning the exclusion of galvanized wire of a diameter less than one millimeter, Petitioners state a diameter less than one millimeter is covered by the scope of this investigation. We preliminarily find that such merchandise is subject to the scope of this investigation and is a product for which Petitioners are seeking relief.

Product Comparisons

We have taken into account the comments that were submitted by the interested parties concerning product comparison criteria. In accordance with section 771(16) of the Act, all products produced by the respondents covered by the description in the “Scope of Investigation” section, above, and sold in Mexico during the POI are considered to be foreign like product for purposes of determining appropriate product comparisons to U.S. sales. We have relied on four criteria to match U.S. sales of subject merchandise to comparison market sales of the foreign like product: 1) maximum specified carbon level, 2) wire diameter, 3) minimum specified coating weight, and 4) maximum tensile strength. Where there were no sales of identical merchandise in the home market made in the ordinary course of trade to compare to U.S. sales, we compared U.S. sales to sales of the next most similar foreign like product on the basis of the characteristics listed above, which were made in the ordinary course of trade.

Fair Value Comparisons

To determine whether respondents’ sales of galvanized wire from Mexico to the United States were made at LTFV, we compared the constructed export price (CEP)⁴ to normal value (NV), as described in the “Constructed Export Price” and “Normal Value” sections of this notice.

⁴ Both respondents reported only CEP sales in their U.S. databases.

In accordance with section 777A(d)(1)(A)(i) of the Act, we compared POI weighted-average CEPs to POI weighted-average NVs.

Constructed Export Price

For the price to the United States, we used CEP, in accordance with section 772(b) of the Act. We calculated CEP for those sales where a person in the United States, affiliated with the foreign exporter or acting for the account of the exporter, made the sale to the first unaffiliated purchaser in the United States of the subject merchandise. See section 772(b) of the Act. We based CEP on the packed prices charged to the first unaffiliated customer in the United States and the applicable terms of sale.

In accordance with section 772(b) of the Act, we calculated CEP where the record established that sales made by Deacero and Camesa were made in the United States after the date of importation by or for the account of the producer or exporter, or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter.

Deacero

In accordance with section 772(c)(2)(A) of the Act, and where appropriate, we made deductions from the starting price for certain billing adjustments, early payment discounts, quantity discounts, and certain other discounts, including rebates. See Deacero CQR at 21-26. We also made further deductions to price for certain movement expenses (offset for reported freight revenue), where appropriate, for foreign inland freight, foreign warehousing expenses, foreign brokerage, U.S. inland freight, U.S. warehouse expenses, certain other transportation expenses incurred on U.S. and further manufactured sales, and U.S. brokerage and handling expenses, pursuant to section 772(c)(2)(A) of the Act.

Pursuant to section 772(d)(1) of the Act, we made additional adjustments to CEP for commissions, credit expenses, inventory carrying costs incurred in Mexico and the United States, and other indirect selling expenses in the United States associated with economic activity in the United States. We also made an adjustment to price for the cost of any further manufacturing or assembly, in accordance with section 772(d)(2) of the Act. Pursuant to section 772(d)(3) of the Act, we made an adjustment for CEP profit. For a detailed discussion of these adjustments, see Memorandum to The File, through Angelica Mendoza, Program Manager, from Patrick Edwards and Ericka Ukrow, International Trade Analysts, titled “Analysis Memorandum for the Preliminary Determination of the Antidumping Duty Investigation of Galvanized Steel Wire from Mexico: Deacero S.A. de C.V.,” dated October 27, 2011 (Deacero Preliminary Analysis Memorandum).

Camesa

In accordance with section 772(c)(2)(A) of the Act, and where appropriate, we made deductions from the starting price for certain movement expenses including foreign inland freight, foreign brokerage, foreign inland insurance (covering shipments to all markets), U.S. inland freight, and U.S. brokerage and handling expenses. Pursuant to section 772(d)(1) of the Act, we made additional adjustments to CEP for commissions, credit expenses, warranty expenses, inventory carrying costs incurred in Mexico and the United States, and other indirect selling expenses in the United States associated with economic activity in the United States. Pursuant to section 772(d)(3) of the Act, we made an adjustment for CEP profit. For a detailed discussion of these adjustments, see Memorandum to The File, through Angelica Mendoza, Program Manager, from Patrick Edwards and Ericka Ukrow, International Trade Analysts, titled “Analysis Memorandum for the Preliminary Determination of the Antidumping Duty

Investigation of Galvanized Steel Wire from Mexico: Aceros Camesa, S.A. de C.V.,” dated October 27, 2011 (Camesa Preliminary Analysis Memorandum).

Normal Value

A. Home Market Viability and Comparison Market Selection

To determine whether there is a sufficient volume of sales in the home market to serve as a viable basis for calculating NV (i.e., the aggregate volume of home market sales of the foreign like product is equal to or greater than five percent of the aggregate volume of U.S. sales), we compared respondents’ volume of home market sales of the foreign like product to its volume of U.S. sales of the subject merchandise. See section 773(a)(1)(C) of the Act. Based on this comparison, we determined that respondents had a viable home market during the POI. Consequently, we based NV on home market sales.

B. Level of Trade

In accordance with section 773(a)(1)(B) of the Act, to the extent practicable, we determine NV based on sales in the comparison market at the same level of trade (LOT) as the export price or CEP. Pursuant to 19 CFR 351.412(c)(1)(iii), the NV LOT is based on the starting price of the sales in the comparison market or, when NV is based on constructed value, the starting price of the sales from which we derive selling, general and administrative expenses, and profit. For CEP sales (which constituted all sales by both Deacero and Camesa), the U.S. LOT is based on the starting price of the U.S. sales, as adjusted under section 772(d) of the Act, which is from the exporter to the importer. See 19 CFR 351.412(c)(1)(ii).

To determine whether NV sales are at a different LOT than CEP sales, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer. See 19 CFR 351.412(c)(2). If the comparison-market

sales are at a different LOT, and the difference affects price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and comparison-market sales at the LOT of the export transaction, we make an LOT adjustment under section 773(a)(7)(A) of the Act. For CEP sales, if the NV level is more remote from the factory than the CEP level and there is no basis for determining whether the difference in levels between NV and CEP affects price comparability, we adjust NV under section 773(a)(7)(B) of the Act (the CEP-offset provision). See Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from South Africa, 62 FR 61731, 61732-33 (November 19, 1997) (applying the CEP offset analysis under section 773(a)(7)(B)).

In this investigation, we obtained information from Deacero and Camesa regarding the marketing stages involved in both parties making their reported home market and U.S. market sales, including a description of the selling activities performed by the respondents and/or their affiliates for each channel of distribution. See Deacero BQR at 26; Deacero CQR at 26; and Camesa AQR at 19-23. We did not make an LOT adjustment under section 773(a)(7)(A) of the Act and 19 CFR 351.412(e) because there was only one home market LOT for each respondent and we were unable to identify a pattern of consistent price differences attributable to differences in LOTs. See 19 CFR 351.412(d). Under section 773(a)(7)(B) of the Act and 19 CFR 351.412(f), we are preliminarily granting a CEP offset for both Deacero and Camesa because the NV sales for each company are at a more advanced LOT than the LOT for their U.S. CEP sales.

For a detailed description of our LOT methodology and a summary of the company-specific LOT findings for this preliminary determination, see Deacero Preliminary Analysis Memorandum and Camesa Preliminary Analysis Memorandum.

C. Cost of Production Analysis

Based on our analysis of the Petitioners' sales-below-cost allegation in the petition, we found reasonable grounds to believe or suspect that galvanized wire sales were made in Mexico at prices below the COP, and initiated a country-wide cost investigation. See section 773(b)(2)(A)(i) of the Act and Initiation Notice, 76 FR at 23552. Accordingly, we conducted a sales-below-cost investigation to determine whether Deacero's and Camesa's sales were made at prices below their COP.

1. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated COP based on the sum of the cost of materials and fabrication for the foreign like product, plus an amount for general and administrative expenses (G&A) and financial expenses. See "Test of Home Market Sales Prices" section below for treatment of home market selling expenses and packing costs. We relied on the COP data submitted by Deacero and Camesa in their respective DQRs and cost supplemental responses, except where noted below.

Deacero:

1. We adjusted the G&A expense rate to include Employee Profit Sharing expenses and the losses from routine sales of property, plant and equipment.
2. We set Deacero's negative financial expense ratio to zero.

Because the data on which we base our analysis contains business proprietary information, a detailed analysis is included in the Memorandum to Neal M. Halper, titled "Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Determination: Deacero S.A. de C.V.," dated October 27, 2011 (Deacero Preliminary Cost Memorandum).

Camesa:

1. We increased fixed overhead to include depreciation on the fixed asset revaluation that is required by Mexican GAAP.

See Memorandum to Neal M. Halper, titled “Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Determination: Aceros Camesa,” dated October 27, 2011 (Camesa Preliminary Cost Memorandum).

For the preliminary determination, we have relied upon the POI weighted-average COP reported by Deacero and Camesa, as adjusted above. Based on the review of record evidence, Deacero and Camesa did not appear to experience significant changes in cost of manufacturing during the POI. Therefore, we followed our normal methodology of calculating an annual weighted-average cost.

2. Test of Home Market Sales Prices

On a product-specific basis, we compared the adjusted weighted-average COP to the home market sales prices of the foreign like product, as required under section 773(b) of the Act, to determine whether the sale prices were below the COP. The sales prices were exclusive of any applicable discounts, movement charges, direct and indirect selling expenses, and packing expenses. For purposes of this comparison, we used the COP exclusive of selling and packing expenses.

3. Results of the COP Test

Pursuant to section 773(b)(2)(C)(i) of the Act, where less than 20 percent of the respondent’s sales of a given product during the POI are at prices less than the COP, we do not disregard any below-cost sales of that product, because we determined that the below-cost sales were not made in “substantial quantities.” Where 20 percent or more of the respondent’s sales of

a given product during the POI were at prices less than the COP, we determine that such sales have been made in “substantial quantities.” See section 773(b)(2)(C) of the Act. Further, we determine that the sales were made within an extended period of time, in accordance with section 773(b)(2)(B) of the Act, because we examine below-cost sales occurring during the entire POI. In accordance with section 773(b)(2)(D) of the Act, we compare prices to the POI-average costs to determine whether the prices permit recovery of costs within a reasonable period of time.

In this case, we found that, for certain products, more than 20 percent of Deacero’s and Camesa’s sales were made at prices less than the COP and, in addition, such sales did not provide for the recovery of costs within a reasonable period of time. See Deacero Preliminary Cost Memorandum and Camesa Preliminary Cost Memorandum. We, therefore, excluded these sales and used the remaining sales as the basis for determining NV, in accordance with section 773(b)(1) of the Act.

D. Calculation of Normal Value Based on Comparison-Market Prices

We calculated NV for Deacero and Camesa on the reported packed, ex-factory or delivered prices to comparison market customers. We made deductions from the starting price, where appropriate, for billing adjustments, early payment and certain other discounts, other revenues received, inland freight, and warehousing expenses, pursuant to section 773(a)(6)(B)(ii) of the Act.

Pursuant to section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410(b), we made, where appropriate, circumstance-of-sale adjustments. We added U.S. packing costs and deducted home market packing costs, in accordance with sections 773(a)(6)(A) and (B)(i) of the Act. Finally, we made a CEP offset pursuant to section 773(a)(7)(B) of the Act and 19 CFR 351.412(f). We

calculated the CEP offset as the lesser of the indirect selling expenses incurred on the home market sales or the indirect selling expenses deducted from the starting price in calculating CEP.

When comparing U.S. sales with comparison market sales of similar, but not identical, merchandise, we also made adjustments for physical differences in the merchandise in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411. We based this adjustment on the difference in the variable cost of manufacturing for the foreign like product and subject merchandise. See 19 CFR 351.411(b).

Currency Conversion

We made currency conversions into U.S. dollars in accordance with section 773A(a) of the Act and 19 CFR 351.415(a) based on the exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank.

Verification

As provided in section 782(i)(1) of the Act, we intend to verify the information relied upon in making our preliminary determination for Deacero and Camesa.

Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, we will direct CBP to suspend liquidation of all entries of galvanized wire from Mexico that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the Federal Register. We will also instruct CBP to require a cash deposit or the posting of a bond equal to the weighted-average dumping margins, as indicated in the chart below. These suspension of liquidation instructions will remain in effect until further notice.

The weighted-average dumping margins are as follows:

Manufacturer/Exporter	Weighted-Average Margin (percent)
<hr/>	
Deacero S.A. de C.V	61.54
Aceros Camesa S.A. de C.V	37.87
All-Others	59.37

All-Others Rate

Section 735(c)(5)(A) of the Act provides that the estimated “all-others” rate shall be an amount equal to the weighted average of the estimated weighted average dumping margins established for exporters and producers individually investigated, excluding any zero or de minimis margins, and any margins determined entirely under section 776 of the Act. Deacero and Camesa are the only respondents in this investigation for which the Department has calculated a company-specific rate that is not zero or de minimis. Therefore, for purposes of determining the “all-others” rate and pursuant to section 735(c)(5)(A) of the Act, we are using the weighted average of the dumping margins calculated for Deacero and Camesa for the “all-others” rate, as referenced in the “Suspension of Liquidation” section, above.⁵

⁵ When there only two relevant weighted-average dumping margins available to determine the “all-others” rate, the Department may use a simple average so as to avoid disclosure of business proprietary information. See Seamless Refined Copper Pipe and Tube From Mexico: Final Determination of Sales at Less Than Fair Value, 75 FR 60723, 60724 (October 1, 2010). However, in this preliminary determination, the Department has determined an “all-others” rate using Deacero’s and Camesa’s ranged, public U.S. sales quantities, which also avoids disclosure of business proprietary information. See Ball Bearings and Parts Thereof From France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews, Final Results of Changed-Circumstances Review, and Revocation of an Order in Part, 75 FR 53661 (September 1, 2010), and accompanying Issues and Decision Memorandum at Comment 1.

Disclosure

The Department will disclose to parties the calculations performed in connection with this preliminary determination within five days of the date of publication of this notice. See 19 CFR 351.224(b).

Postponement of Final Determination and Extension of Provisional Measures

Section 735(a)(2) of the Act provides that a final determination may be postponed until not later than 135 days after the date of the publication of the preliminary determination if, in the event of an affirmative preliminary determination, a request for such postponement is made by exporters, who account for a significant proportion of exports of the subject merchandise, or in the event of a negative preliminary determination, a request for such postponement is made by the petitioner. The Department's regulations, at 19 CFR 351.210(e)(2), require that requests by respondents for postponement of a final determination be accompanied by a request for extension of provisional measures from a four-month period to not more than six months.

On September 27, 2011, and October 18, 2011, Camesa and Deacero, respectively, requested that in the event of an affirmative preliminary determination in this investigation, the Department postpone its final determination by 60 days (135 days after publication of the preliminary determination) and extend the application of the provisional measures prescribed under section 733(d) of the Act and 19 CFR 351.210(e)(2), from a four month period to a six month period. In accordance with section 735(a)(2)(A) of the Act and 19 CFR 351.210(b)(2)(ii), because (1) our preliminary determination is affirmative; (2) the requesting producers/exporters account for a significant proportion of exports of the subject merchandise; and (3) no compelling reasons for denial exist, we are granting this request and are postponing the final determination until no later than 135 days after the publication of this notice in the Federal Register.

Suspension of liquidation will be extended accordingly. We are also granting the request to extend the application of the provisional measures prescribed under section 733(d) of the Act and 19 CFR 351.210(e)(2) from a four month period to a six month period.

USITC Notification

In accordance with section 733(f) of the Act, we have notified the USITC of the Department's preliminary affirmative determination. If the Department's final determination is affirmative, the USITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after our final determination whether imports of galvanized wire from Mexico are materially injuring, or threatening material injury to, the U.S. industry. See section 735(b)(2) of the Act. Because we are postponing the deadline for our final determination to 135 days from the date of the publication of this preliminary determination, the USITC will make its final determination no later than 45 days after our final determination.

Public Comment

Interested parties are invited to comment on the preliminary determination. Interested parties may submit case briefs to the Department no later than seven days after the date of the issuance of the last verification report in this proceeding. See 19 CFR 351.309(c)(1)(i). Rebuttal briefs, the content of which is limited to the issues raised in the case briefs, must be filed within five days from the deadline date for the submission of case briefs. See 19 CFR 351.309(d)(1) and 19 CFR 351.309(d)(2). A list of authorities used, a table of contents, and an executive summary of issues should accompany any briefs submitted to the Department. Executive summaries should be limited to five pages total, including footnotes.

In accordance with section 774(1) of the Act, the Department will hold a public hearing, if timely requested, to afford interested parties an opportunity to comment on arguments raised in

case or rebuttal briefs, provided that such a hearing is requested by an interested party. See also 19 CFR 351.310. If a timely request for a hearing is made in this investigation, we intend to hold the hearing two days after the rebuttal brief deadline date at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230, at a time and in a room to be determined. Parties should confirm by telephone, the date, time, and location of the hearing 48 hours before the scheduled date. Interested parties who wish to request a hearing, or to participate in a hearing if one is requested, must submit a written request within 30 days of the publication of this notice in the Federal Register to the Assistant Secretary for Import Administration, U.S. Department of Commerce, pursuant to the Department's e-filing regulations. See <https://iaaccess.trade.gov/help/IA%20ACCESS%20User%20Guide.pdf>. Requests should contain: (1) the party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. At the hearing, oral presentations will be limited to issues raised in the briefs. See 19 CFR 351.310(c).

This determination is issued and published pursuant to sections 733(f) and 777(i)(1) of the Act.

Paul Piquado
Assistant Secretary
for Import Administration

October 27, 2011_
Date

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